GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1826
ANSWERED ON:30.11.2000
AGRAHAYANA SAKA MERGER OF COMPANIES QUESTION
AJAY CHAKRABORTY

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether attention of the Government has been drawn to the recent moves of some companies for their merger and acquisition;

(b) if so, the details of those companies in which merger and acquisition taken place or proposed during the last three years;

(c) the loss caused to small investors as a result thereof;

(d) the price at which the share value of the merged companies are fixed; and

(e) the manner in which the odd lot of shares of the new companies are sold in the market?

Answer

MINISTER OF LAW, JUSTICE (SHRI ARUN JAITLEY) AND COMPANY AFFAIRS AND SHIPPING.

(a) Yes Sir.

(b) to (e): The prices of the shares of the merged companies are fixed on the basis of valuation reports prepared by the Chartered Accountants/Professionals. These schemes of merger are approved by majority shareholders and are duly approved by the Hon`ble High Courts. The manner in which the odd lot of shares of the new companies are priced are part of the scheme and are guided by the guidelines issued by SEBI and Stock Exchanges.Normally, such mergers are advantageous for the shareholders including small investors. 1285 cases of merger and acquisition have taken place during the last three years. These include, 120 cases in the Northern Region, 455 cases in the Eastern Region, 527 cases in the Western Region and 183 cases in the Southern Region.